

POULSBO CITY COUNCIL WORKSHOP OF APRIL 25, 2018

MINUTES

PRESENT: Mayor Erickson; Councilmembers Garland, Lord, McGinty, Musgrove, Nystul, Stern, Thomas.

Staff: Judge Tolman, Court Administrator Knutsen, City Clerk Fernandez, Human Resources Manager Kingery, IT Manager Stenstrom.

MAJOR BUSINESS ITEMS

- * * * Workshop Overview
- * * * City Judge's Salary Review
- * * * Mayor's Salary Review
- * * * Executive Office Review

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order in the Council Chambers at 6:04 PM and led the Pledge of Allegiance.

2. COMMENTS FROM CITIZENS

Rita Hagwell shared the street sign for Marelaine Lane. She spoke regarding sewers, being surrounded by developers, urban paths, and not receiving help from the City.

3. COUNCIL WORKSHOP

a. Workshop Overview

Councilmember Thomas presented the workshop overview, noting the workshop would look at:

- Workload & Salary Review of City of Poulsbo's Leadership of the Executive & Judicial Branches:
 - Judges Compensation/Workload
 - Mayor's Compensation/Workload
- Executive Office Review
 - Is current structure sustainable?
 - Options
 - Proposals

b. City Judge's Salary Review

Councilmember Thomas presented the judge's salary review, noting:

Background: increased workload and salary has not been increased for at least 24 years (except COLA adjustments)

- Fair & Adequate Compensation: comparables, value, and internal salary alignment
- Review of duties
- Administrative Office of the Courts methodology
- Comparable salaries for municipal court judges
 - Options (Note: Increase FTE from .39 to .52 (creates eligibility for additional benefits and retirement)
 - Option A: Increase FTE, no base salary increase
 - Option B: Increase FTE, increase salary to average of comparable city judges
 - Option C: Increase FTE, increase salary by 0.13.
 - Option D: Increase FTE, increase salary by average of all comparable judges (including county district)
 - Option E: Increase FTE, increase salary by comparable district court judges minus 5%
- Finance-Administration Committee Recommendation: Option D

Councilmember Nystul asked where the 0.39 FTE comes from. Councilmember Thomas said this is what they should have been, that is not what our judge was. That is the requirement for the amount of time required according to the Administrative Office of the Courts methodology.

Councilmember Musgrove asked how the benefits compare to the other judges. Councilmember Thomas said they did not perform a comparison of the benefits.

Councilmember Stern noted Mayor Erickson recommended the review of the judge's salary. Mayor Erickson said there are three branches of government and the judicial and executive branch had not been reviewed. She said the Judge did not come to her and ask for the review. He has not had a salary review in 24 years. She thought it was appropriate to do them at the same time.

Councilmember Musgrove said typically you have a fixed dollar amount and you multiply it by the FTE percentage, and that is the amount. What he is hearing instead is it is not a fixed dollar and the FTE changes, and so we come up with different numbers. Looking at the comparable salary slide, it says Poulsbo pays 0.39 FTE with a certain salary figure and that the annualized salary is FTE=1 would be \$151326. That

means that .39 is that figure of 59 and if you increased it to 0.4 it would increase by that incremental amount. But it was said that when you change the FTE it actually lowers how much the annualized FTE is to the bottom of the list, and he is not following the thinking. Councilmember Thomas explained normally FTE equals one and applying it to 0.39 would give you the actual salary. But one option presented was to go ahead and boost the FTE rating to 0.52, but not raise the salary. What that does is it changes the far-right salary, so the FTE equals one would drop. It was another way to look at options. They wanted to provide a wide variety of options.

Human Resources Manager Kingery commented on the benefits. There isn't health insurance with this position, and that is usually \$13,000 a year. Full time district court judges receive medical. Mayor Erickson added the judge and mayor do not receive sick or vacation pay.

c. Mayor's Salary Review

Councilmember Thomas presented the mayor's salary review, noting:

- Background: substantial workload increase, no salary review or increases for at least 20 years (except COLA adjustments)
- Fair and adequate compensation: comparables, value, and internal salary alignment
- Review of mayoral duties (state law, traditional, emergent)
- Funding and grants obtained
- Salary comparisons to other mayors and Poulsbo management
- Council's authority to change a Mayor's salary
- Compensation options to consider
 - Option A – no change
 - Option B – performance bonus
 - Option C – increase salary to average of management salaries acknowledging workload of mayor, with the salary decreasing January 1, 2022, if the executive office is reorganized, or for any other reason the city may want to cut back the salary
 - Option D – Increase to a different amount, with the salary decreasing January 1, 2022 if the executive office is reorganized, or for any other reason the city may want to cut back the salary

Councilmember McGinty asked how many of the boards the Mayor attends are outside of the normal 8am-5pm schedule. Mayor Erickson said many of the extra meetings are at night. She tries to keep Sundays for her family, but that is disappearing too. Saturdays are always full of events and her open office hours. The hours are more than eight hours a day.

Councilmember McGinty said they had a lot of discussion on this at Finance Committee, and they wanted to share with the Council what they are looking at and gather any feedback before they make a recommendation.

Mayor Erickson said the \$95K salary came from the average of all her exempt employees.

Councilmember Stern said the question of giving the executive office an increase is linked to what it looks like after the Mayor's term is over. He feels the increase is linked to her individual performance, which is above and beyond the call of duty. If they single out one mayor because of an extraordinary work output, where are they at the end of this term. Do they set a new bar for all future mayors regardless of their output? Do they want to set a higher bar, or do they want to roll this level of output and professionalize it at the end of the term? If they consider an increase, then at the end of this term, to standardize it, they would take a good chunk of the salary and begin to fund a professional position. They do not want to find themselves being perceived as judging a future roster of candidates.

Councilmember McGinty said if the City were a professional organization, they would probably write a position description and the performance level criteria and define the compensation from that. With elected offices, they do not have that ability. Whoever wins the election gets the job, and they cannot say what kind of level of education or experience they want for the position. This is another angle that the committee has been looking at: do we want a city manager or city administrator to assist the mayor with those functions in the future?

d. Executive Office Review

Councilmember Thomas presented the executive office review, noting:

- Mayor's duties – emergent
- Strategic considerations and questions
- City Manager
 - Accepted practice
 - Comparisons of cities
 - What is a city manager?
 - Comparison of Mayor-Council vs. Council-Manager
 - Steps to adopt council/manager form of city government
- City Administrator
 - Accepted practice
 - What is a city administrator?
 - State law authorization: RCW 35A.12.100
 - MRSC legal opinion on city administrators

- Council can define qualifications/duties and confirm
- Council may not control firing or dismissal
- City administrators are exempt city employees
- Budgeting for compensation
- Combined executive office salaries
- Options
 - No change
 - Study and take steps towards Council-Manager
 - Make preparations to hire city administrator

In response to Councilmember Lord, Mayor Erickson said changing to a code city does not involve population, it is just a form of government that can be adopted, regardless of the population size. Poulsbo became a code city over 35 years ago and going over 10,000 population triggered other regulatory requirements for the city.

Councilmember McGinty said the Council has heard all the options, and the committee may come forward with a recommendation of option D for the judge's salary, and the Council can vote on it. If there anything else the Council would like the committee to consider or research, they would like to receive the feedback.

Councilmember Musgrove said it looks like Poulsbo is higher than most relative cities and not too far behind county level pay. The judge has never said he needs to increase his FTE, which is why it has not been given. They can pay him more for the same .39, but he doesn't feel they should increase it to .52 if the judge does not need it. The Judge has been very specific and admirable about how he conducts the courts. Councilmember Musgrove said he isn't saying the Judge isn't worthy of a raise, but he is going off of what he has heard during budget cycle presentations -- this is what he needs, and he goes on that. A raise for the judge could be worthwhile, but he would not assume it requires an increase in FTE. If that changes, they need to have that conversation during the budget cycle. He would like to hear the Judge's thoughts on that.

Councilmember Thomas said the calculation was provided by Court Administrator Knutsen, and the FTE was calculated from the Administration Office of the Court and District and Municipal Court Judges Associations, and the methodology is used state-wide. He doesn't have any further detail on that.

Councilmember Stern noted the judge did not request the consideration of a salary increase. He said this may be merited by the judge and the position, and whoever is occupying this position moving forward will be closer to the standard of job description and workload. He also noted the Council tries to avoid budget amendments when possible, so all issues can be judged at one time while looking at the whole of the city. When they are taken singularly, most items seem merited. This could be something that is reserved for the biennial budget process.

Councilmember Lord was hoping the Committee would bring their recommendation up during the regular budget cycle. She would appreciate getting feedback from the judge. It seems the 0.52 FTE would incur additional costs for benefits. She also wants to check with the judge on what he can live with.

Councilmember McGinty said they are trying to look at the workload, and what is fair compensation, no matter who is in the position.

Councilmember Thomas said the salary increases are like a lot of things in the city, sometimes when we look back and wonder why there is a sudden jump in a fee or there is the need to raise the salary more than expected, it is because in the past the increases didn't keep up. That is something to keep in mind here. The pay needs to be competitive.

Councilmember Nystul said there is some merit to looking at this. He would like to know a little more on the AOC's methodology. It is a reasonable indication for them to consider. Human Resources Manager Kingery said the AOC's methodology is based on the number of court filings.

Mayor Erickson said the judge did not ask her for a salary increase, but for all her business career, she believes you pay fair wages for hours worked, so you get quality performance from the employees. That is why she asked for the judge as well as herself. The salary has not been increased in three decades.

Councilmember Nystul said instead of making increases related to CPI, they could make increases that are the same as the managers, which are based on the union contract.

Councilmember Musgrove said when they were talking about council wages, they received no increases at all for 20 years (not even COLAs). Both of these positions have received increases. They need to look at them and see if there are other adjustments due to changes in society, changes in regulation -- they need to examine if there is cause for further adjustment needed other than the adjustments that happen every year.

Councilmember Thomas said that was part of the presentation tonight was to look at the value brought, and the increased workload both the Mayor and Judge have seen.

Mayor Erickson said COLAs were given to keep up with inflation. But every so often they do a market adjustment for staff wages to adjust to actuals. The Mayor and Judge have never had a market adjustment. The City has doubled in population and physical size in the past 25 years. Mayor Erickson spoke regarding some of the many regulatory changes and responsibilities over the years for both the judge and the mayor.

Councilmember Thomas said that is why when the committee was looking at workload and compensation, the committee questioned if it was sustainable for future mayors to

handle. That brought the third question into it. The reason they are bringing this up currently is because right now they have no idea who will be running for the mayoral position for the next term. This is the ideal time to look at this, and not let the consideration get tangled up in the personalities of who the future mayor might be. This is about government efficiency, not about political influences.

Councilmember Lord asked if they were to have a city administrator, how do they determine what constitutes a part-time mayor and full-time city administrator. Who would make that call. Councilmember McGinty said if the Council chose to hire a city administrator, they would have to define what the job duties were and go and see what the market bears for that qualified person.

Councilmember Lord asked how many hours a part-time mayor would have to work. Councilmember McGinty said there is no law that requires a mayor must come to work. It is hard to quantify that position; it is what that person wants it to be. Councilmember Thomas said what they would have to do is look at the comparable cities with mayors and city administrators.

Councilmember Lord asked how could they define part-time versus the over-time that our current mayor is currently doing. Mayor Erickson said most of the people she has run into with a mayor and city administrator/manager, the mayor's responsibilities are mostly ceremonial. The state law is truncated. The mayor signs documents, which in theory the city administrator/manager has reviewed and approved for them. They are responsible for a budget, but the administrator puts the professional pieces together. The complex nature of running city government would be done by the city administrator/manager, and the mayor would be more of a figure head. The mayor is legally responsible, but the administrator/manager is functionally responsible. Whether a mayor is part-time or full-time is up to the mayor.

Councilmember Garland asked about the transition period. If the mayor's salary were increased, and if they brought on a city administrator, it would happen before the next mayor, how it would work if they are looking to keep within a certain budget. Councilmember Thomas said these things would have to be decided before the 2021-2022 biennial budget, to make sure there is adequate funding included for salaries. They cannot reduce the mayor's salary until the end of the term.

Councilmember Nystul asked if it is the procedure that if an increase is made now, the ordinance adopting the increase would give a date of when the salary would decrease (12/31/2021). Councilmember Thomas and Mayor Erickson agreed that would be correct.

Councilmember Nystul said looking at the election cycle, is it possible in November 2019 to put an issue on the ballot for the city manager to not become effective until the last year, so during the last year there is overlap for transition. Mayor Erickson said she would like to have transition in the final year.

Councilmember Lord said they would need costs included for the election in the budget.

Councilmember Nystul is amazed at the size of some cities that have a city manager. Many of them are much smaller than Poulsbo. In their small budgets they have found funds to pay for a professional. He also said having been through the transition of a mayor-council to council-manager form, if you think the manager is going to save you money, it is not going to happen.

Councilmember Musgrove would like to see more comparable salaries for mayors. He feels the mayor's compensation is a separate issue from the judge and from the form of government question. He wants to talk about the mayor's salary exclusively and talk about the judge's salary exclusively. They are separate issues and can be viewed on their own.

Councilmember Thomas said he sees they are three separate questions, but there are linkages. It makes sense to answer the workload/salary questions first.

Councilmember Lord reminded the Council the budget cycle is coming up, and to not get ahead of themselves. She agreed the salaries for the judge and mayor need to be evaluated, but during the normal budget cycle.

4. **CONTINUED COMMENTS FROM CITIZENS**

Rita Hagwell said she loves the idea of having councilmembers from different districts. She could have someone to talk to about her concerns on Viking Avenue. She spoke regarding past activities that happened with her property.

5. **ADJOURNMENT**

Motion: Move to adjourn at 8:20PM,

Action: Approve, **Moved by** Thomas, **Seconded by** McGinty.

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk